

In the Matter of Fact-Finding *
*
Between *
*
THE CITY OF CEDAR RAPIDS ("City") *
*
and *
*
THE AMERICAN FEDERATION OF STATE, *
COUNTY AND MUNICIPAL EMPLOYEES, *
AFL-CIO, LOCAL NO. 620 ("Union") *

Fact-Finding Report of:

Lon Moeller,
Fact-Finder

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RELATIONS BOARD

Preliminary Statement

The City and Union have entered into a voluntary impasse agreement, which includes fact-finding. A fact-finding hearing was held on April 8, 2005 at the City's Public Works Building, located at 1201 6th Street S.W., in Cedar Rapids, Iowa. The City and Union appeared through their designated representatives and offered evidence through exhibits and the testimony of their witnesses. The parties agreed that the impasse items before the Fact-Finder are wages and insurance for the 2005-06 contract year.

Appearances**For the City:**

Randy C. Helt, Employee/Labor Relations Manager and Spokesperson
John North, Water Utility Director
Patrick Ball, Water Pollution Control Director
Mark Jones, Solid Waste and Recycling Director
Denny Clift, Streets Director
Mary Latuska, Parking Operations Supervisor
Casey Drew, Controller-Auditor
Heath Halverson, HR Specialist/Classification and Compensation
Gloria McMahan, Classification and Compensation Manager
Mike Shoger, Risk Manager

For the Union:

Tom Anthony, Union Representative and Spokesperson
Wayne Clymer, Union President
Dennis Duda, Union Vice-President
Tom Tharp, Union Secretary/Treasurer
Scott Christensen, Union Executive Board/Steward

Dennis Dvorak, Union Executive Board/Steward
 Tim Mulligan, Water Utility Service Representative I
 Nancy Beadle, Parking Meter Patrol Officer

I. Position of the City

On the wages issue, the City proposes *status quo* on the Union's proposed wage schedule "upgrade" of the Water Utility Service Representative I and Parking Meter Patrol Officer classifications and suggests that a 2% across-the-board wage increase is appropriate for the 2005-06 contract year.

Water Utility Director John North testified that changing the Water Utility Service Representative I classification from pay grade 25 to pay grade 30 is not supported by comparisons with other positions in the Water Department or with external comparisons. The City specifically maintains the Union's wage upgrade for the Water Utility Service Representative I classification would cost, "in wages alone," \$38,357 for the 2005-06 contract year.

Parking Operations Supervisor Mary Latuska offered similar testimony in response to the Union's proposal to increase the Parking Meter Patrol Officer from pay grade nine to pay grade 16. According to the City, the "wages only" cost of the Union's Parking Meter Patrol Officer upgrade would be \$12,105 for the 2005-06 contract year. It additionally notes that current wage rates for Cedar Rapids Parking Meter Patrol Officers are only "slightly lower" compared to Parking Meter Patrol Officer positions in Council Bluffs, Dubuque, Iowa City and Sioux City and that Cedar Rapids Parking Meter Patrol Officers reach the top of their wage schedule much sooner (36 months) than the external comparables (52.8 months).

Based upon comparisons with the eight largest cities in Iowa – the appropriate external comparable group¹ – the City contends that a 2% across-the-board wage increase is more reasonable than the 4% across-the-board wage increase proposed by the Union. The total package cost of the Union's wage proposal – not taking into account its proposed upgrades for the Parking Meter Patrol Officer and Water Utility Services Representative I classifications – is approximately 8.1%.

Although the City does not make an "inability to pay argument," it does stress the need for fiscal responsibility, which favors its 2% across-the-board wage increase, and which still generates a total package increase of approximately 5.7%. This bargaining unit is the only City bargaining unit that has not settled for fiscal year 2006. The average internal wage settlement for 2005-06 shows that a 4% across-the-board wage increase is unreasonable. According to the City, there has generally been wage parity (in terms of negotiated wage increases) between its three largest bargaining units – Police, Fire Fighters and the bargaining unit represented here by the Union. Wage increases for this bargaining unit from 2001-04 (12.35% compared to an 8.90% total increase in the CPI-U) outpaced the cost of living. The average hourly wage rate for

¹ The eight largest cities in Iowa, using data compiled from the 2000 census, are Des Moines (192,682), Cedar Rapids (120,758), Davenport (98,359), Sioux City (85,013), Waterloo (68,747), Iowa City (62,220), Council Bluffs (58,268) and Dubuque (57,686).

this bargaining unit (\$18.58) is some 56 cents higher than the average hourly wage rate for the City's other bargaining units.

The City characterizes its proposed changes to Article 16 – **Health and Welfare** as primarily “housekeeping” measures, which are supported by the current health care “crisis” faced by employers in both the private and public sectors. Other City bargaining units represented by Amalgamated Transit Local #638 and Teamsters Local 238 reference the “Health Insurance Benefits Certificates, Dental Benefits Certificate and Life Insurance Benefits Certificate” in their health insurance provisions. The City has tried to reasonably maintain insurance premium costs over the years by using the surplus in its risk management fund; however, health insurance premium costs are on a steep increase, going from \$176.70 (single) and \$424.12 (family) in fiscal year 2000 to \$387 (single) and \$918 (family) in fiscal year 2006. The City is looking at a 30% increase in health insurance costs for the 2005-06 contract year, which could affect its future ability to receive a waiver from the State Insurance Division of the stop-loss insurance requirement. Eighty percent of this bargaining unit has elected family health insurance coverage. Cedar Rapids is at the low end of the external comparables in terms of the amount of employee contribution, deductibles and out-of-pocket maximums. The City's other bargaining units have taken it upon themselves to negotiate health insurance changes for fiscal year 2006 – agreeing to increased employee contribution amounts, out-of-pocket maximums and deductibles. Internal and external comparisons thus support the City's position and suggest that keeping the insurance *status quo* is not a reasonable response to the current health care “crisis.”

II. Position of the Union

The Union proposes *status quo* on the insurance issue and proposes wage schedule upgrades for the Water Utility Service Representative I classification (from pay grade 25 rate 4 to pay grade 30 rate 4) and Parking Meter Patrol Officer (from pay grade nine to pay grade 16; current employees beginning at rate 2) and a 4% across-the-board wage increase (Union Exhibit B). According to the Union, this wage proposal costs out at \$631,540 (Union Exhibit E).

Parking Meter Patrol Officer Nancy Beadle testified about how her job has changed since she started working for the City in 1983 and how the requirements and physical demands of the Parking Meter Patrol Officer classification (pay grade nine; \$11.50 - \$14.07) compare favorably to other City job classifications – Part-Time Transit Driver (\$12.03 - \$16.71), Revenue Fee Collector (\$12.52 - \$17.25), Water Meter Reader (pay grade 21; \$14.07 - \$17.32) and Parking Fee Cashier (\$12.52 - \$17.25) – that are paid more or that are at a higher pay grade level. An upgrade for the Parking Meter Patrol Officer classification for the 2005-06 contract year would be in keeping with the one pay grade upgrade this classification received in 2004.

Tim Mulligan, a Water Utility Service Representative I, testified in support of the Union's proposal to upgrade that classification to pay grade 30. Mr. Mulligan made the point that the Water Utility Service Representative I job has effectively changed from a “tool box” to a “thinking person's” job. Beginning in the mid-1990s, the Water Utility Service Representatives were “on call” for a larger group of “after hours” situations, began to handle additional inspection work (tap, maintenance bond, trenches/excavation, fire lines and service cutoff), consistently required to interact with customers and held to higher level “competent person”

responsibilities. Mr. Mulligan further emphasized that his position now compares to the Water Utility Collections Supervisor, Utilities Construction Inspector (pay grade 30), Water Systems Maintenance Repair Worker II (pay grade 30), Lead Water System Equipment Operator (pay grade 28), Water Lab Analyst I (pay grade 28) and Water Lab Analyst II (pay grade 30). He also noted that Cedar Rapids Water Utility Services Representatives (\$18.82) are comparable in job duties to the higher paid Des Moines Water Works Technicians (\$23.23) and Service Workers (\$20.89).

Looking at the eight largest municipalities that have settled for 2005-06 (Union Exhibit F), the Union emphasizes that its 4% across-the-board wage increase is closer to the external settlement trend than is the City's proposed 2% across-the-board wage increase. The City's 2% across-the-board wage proposal also lags behind the current CPI figures, which are running in the neighborhood of 3% (Union Exhibit L). During the past 10 years, the negotiated wage increase for this bargaining unit has averaged 3.22% (Union Exhibit M).

The City, according to its own budget figures, sits in a very strong financial position, with favorable tax rates (Union Exhibit J, pp. 1-2) and increasing revenues (Union Exhibit I, pp. 2, 5). Cedar Rapids has Moody's highest credit rating for its general obligation bond issuances (Union Exhibit K). Given its low – compared to other Iowa municipalities – water and sewer rates (Union Exhibit I, p. 7), the City is in a position to generate even greater revenues. The average hourly wage in Cedar Rapids is up and unemployment in the City is down (Union Exhibit K).

The Union raises several arguments in response to the City's health insurance proposal. First, it points out that the City has recently and consistently lowered the levy rate for "money designated specifically for health insurance" (Union Exhibit J, p. 5). Second, the Union has historically negotiated financial packages with the City that included the City paying the full premium cost for both single and family plans (Union Exhibit Q, p. 6). Third, the City's current premium amounts are not excessive or out of line compared to the external comparable group (Union Exhibit X). Fourth, the City's proposed changes to Article 16 are motivated by its own failure to put enough money in the risk management fund (Union Exhibits S and T). Lastly, and as testified by Union President Wayne Clymer, the City's insurance proposal would create unnecessary ambiguity in the parties' 2005-06 Agreement and give the City the right to make unilateral benefit and administration changes that have been traditionally been left to the collective bargaining process (Union Exhibit Q, pp. 6-7). Indeed, the Union has taken steps in the past to help the City keep the costs of its self-funded health insurance plan in check – including helping the City to obtain a waiver of stop-loss insurance (Union Exhibit R). Because there is no demonstrated reason to make such "radical" changes in Article 16, the Union maintains that its *status quo* insurance proposal is the most reasonable position.

III. Discussion and Analysis

Iowa Code §20.21 **Fact-Finding** does not spell out the specific criteria under which a fact-finder is to make his/her recommendations. By contrast, the interest arbitration provisions of the Iowa Public Employment Relations Act (Iowa Code §20.22 – **Binding Arbitration**) identify the factors that an arbitrator is to consider. Here, the parties have used the criteria of Iowa Code §20.22(9) to support the reasonableness of their proposals on the wages and

insurance impasse items, including past collective bargaining agreements/bargaining history, internal and external comparability, the interests and welfare of the public and the City's ability "to finance economic adjustments and the effect of such adjustments on the normal standard of services." The Fact-Finder's recommendations on the wages and insurance impasse items will be based on the exhibits and testimony offered by the parties and will reflect the arguments made in support of their positions.

A. Wages

This bargaining unit is the largest of the City's bargaining units (384 employees) and includes a diverse array of departments, functional areas and job classifications.²

1. Parking Meter Patrol Officer and Water Utility Service Representative I Upgrades

The Union maintains – based on the testimony of Mr. Mulligan and Ms. Beadle – that changes in the Water Utility Service Representative I and Parking Meter Patrol Officer job duties support wage schedule upgrades.

Parking Operations Supervisor Mary Latuska testified that the work of the Parking Meter Patrol Officers has been affected by the City's towing ordinance and by its focus on two-hour parking zones in the downtown area. Ms. Beadle indicated that her job has become even more physically demanding because three Parking Meter Patrol Officers currently do the work previously done by six Parking Meter Patrol Officers.

While Ms. Beadle's frustrations are understandable, this record does not support an upgrade in her job classification from pay grade nine to pay grade 16. There does not seem to be a good "apples to apples" comparison among other City job classifications to make a wage upgrade case strictly based on "internal equity." Cedar Rapids Parking Meter Patrol Officers did move up one pay grade for the current contract year. Likewise, the City's wage comparisons with Council Bluffs, Dubuque, Iowa City and Sioux City suggest that the current pay grade nine range is not out of line, particularly taking into account the fact that Cedar Rapids Parking Meter Patrol Officers reach the top of the wage schedule in 36 months, compared to 60 months for Council Bluffs and Sioux City and 54 months for Dubuque and Iowa City. Ms. Beadle and the Parking Meter Patrol Officers did nonetheless make a good run at this issue in fact-finding and should be encouraged to continue to do so in future negotiations with the City.

The Water Utility Service Representative I upgrade proposal was apparently motivated by a 2004 grievance filed under Article 12 – **Major Change in Job Content or Establishment of a New Job** claiming a "major job content change" in the Water Utility Service Representative I job classification. The City responded to the grievance by suggesting "[a]ny changes to the current Pay Grade should be sought through the Collective Bargaining Process."

² This bargaining unit includes positions in the following departments: animal control, building, zoning and housing, engineering, forestry, transportation and parking, golf, parks, public works, recreation, riverfront, solid waste and recycling, streets, traffic engineering veterans commission, water and water pollution control

Mr. Mulligan testified that his job duties have changed since starting with the City in 1990. Water Utility Director John North rejected the notion that there have been significant changes to the Water Utility Service Representative I classification. Mr. North did say that this job classification has been impacted by changing technology, an increase in service hours, a changed meter exchange program and the City's focus on "cross connection control."

What this record shows is that there has been an evolution in the job duties assigned to the Water Utility Service Representative I job classification. There are, by Mr. North's count, only two job classifications in the Meter Service and Reading area of the Water Department – Meter Reader (pay grade 21) and Water Utility Service Representative I (pay grade 25). Mr. Mulligan's testimony shows that many of his current Water Utility Service Representative I job duties (at least in part) parallel the work assigned to Water Department job classifications that are in higher pay grades – including Utilities Construction Inspector (30), Water System Maintenance Repair Worker II (30), Lead Water System Equipment Operator (28) and Water Lab Analyst I (28). The Water Utility Service Representative I position has apparently been at pay grade 25 for some time. Nine of the 10 Water Utility Service Representatives are at rate 4 of pay grade 25.

Mr. North offered wage ranges from comparable water service representative positions from several municipalities including five that have been identified as being comparable to Cedar Rapids: Council Bluffs (\$13.71 - \$17.12), Davenport (\$18.12 - \$21.12), Des Moines (\$18.07 - \$21.52), Dubuque (\$15.92 - \$17.82) and Waterloo (\$15.34 - \$19.17). The average wage range for this comparable group is \$16.23 - \$19.35. Under the parties' 2004-05 wage schedule, the wage range for pay grade 25 is \$15.22 - \$18.82, \$15.50 - \$19.15 for pay grade 26, \$15.76 - \$19.51 for pay grade 27, \$16.08 - \$19.87 for pay grade 28, \$16.37 - \$20.24 for pay grade 29 and \$16.64 - \$20.68 for pay grade 30.

Cedar Rapids Water Utility Service Representatives have seen an evolution in their job duties, and by the City's data, are under market average in terms of their existing wage range. An upgrade from pay grade 25 to pay grade 30, however, makes up too much too soon. Given the lack of negotiated change in the pay grade 25 placement for this job classification, any recommended change by the Fact-Finder should be modest. In order to bring the Water Utility Service Representative I job classification more in line with other positions in the Water Department and closer to the external "market rate," the Fact-Finder recommends that the Water Utility Service Representative I job classification be upgraded for 2005-06 from pay grade 25 to pay grade 26, meaning that those Water Utility Service Representatives currently at pay grade 25, rate 4 will be at pay grade 26, rate 4 for the 2005-06 contract year.

2. Across-the-Board Increase

As to be expected, the recommended across-the-board wage increase falls somewhere between the 2% proposed by the City and the Union's proposed 4% across-the-board increase. The average wage settlement for the external comparable groups, factoring in the negotiated wage splits reported by the Union, is 2.94% for the 2005-06 contract year. Internal wage

settlements for fiscal year 2006 average 2.82%.³ The average internal wage settlement based on City agreements starting with the 2005-06 contract year (Fire Fighters, Joint Communications and Library) is 2.8%. The average 2005-06 settlement, based on the Police (2.7%) and Fire Fighter (3%) settlements, is 2.85%. Since the City made the case in its 22-year history of wage increases for general wage parity between its three largest bargaining units – AFSCME, Police and Fire Fighters – and given the external comparable average, a reasonable 2005-06 across-the-board wage increase for this bargaining unit is 2.9%.

B. Insurance

The City's proposal to change the existing language of Article 16 is driven by a 30% increase in health insurance costs for fiscal year 2006. Premium costs for 2005-06 are \$387 for single plan participants and \$918 for the family plan – up from \$298 (S) and \$706 (F) in 2004-05. The City specifically proposes:

- several language changes as well as organizational changes to the layout of Article 16. It also proposes to add the sentence "Benefits and administrative procedures are described in the current [Health Insurance/Dental Benefits/Life Insurance/Long-Term Benefits] Certificate" to the health, dental, life and LTD provisions;
- to increase the monthly employee contribution from \$5 to \$20 for single coverage and from \$10 to \$40 for family plan coverage; and
- to increase the deductible for both single and family plans from \$100 to \$300 and to increase the out-of-pocket maximums for both single (\$500 - \$750) and family plans (\$500 - \$1,000).

Comparisons of the City's health insurance plan with the health insurance plans offered by Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Sioux City and Waterloo – using both parties' insurance exhibits – show that:

- all but Waterloo are self-insured;
- three comparables (Council Bluffs, Iowa City and Waterloo) – like Cedar Rapids – have \$100 single plan deductibles and one comparable (Dubuque) has no single or family plan deductible; Des Moines (\$250) has the highest single plan deductible;
- four comparables (Council Bluffs/\$300, Davenport/\$300, Des Moines/\$500, Sioux City/\$300 and Waterloo/\$200) have higher family plan deductibles than Cedar Rapids (\$100);
- only two comparables (Council Bluffs/\$1,000 and Des Moines/\$750) have a higher out-of-pocket maximum for single plan participants than Cedar Rapids (\$500); on the other hand, all but Iowa City (\$500) have a higher family plan out-of-pocket maximum than Cedar Rapids (\$500);
- Dubuque and Sioux City do not require employee premium contribution for their single or family health insurance plans. Council Bluffs (5% of family

³ This average takes into account a carryover from the wage split (1% - 1/05 and 2.5% - 7/05) negotiated between the City and Amalgamated Transit Union Local 638.

premium/\$60.78), Des Moines (5% of family premium/\$52.30) and Iowa City (\$40) only require employee contribution for family plan participants. Waterloo (\$5/S and \$10/F) and Davenport (\$8/S and \$25/F), like Cedar Rapids, (\$5/S and \$10/F) require flat dollar amounts for their single and family plan employee premium contributions; and

- in fiscal year 2005, the City's premiums were at the low end of the comparables; however, the projected premium increases for fiscal year 2006, will cause the City to move up a notch or two compared to this external comparable group.

External comparisons do not, standing alone, provide compelling reasons for the City to change the insurance *status quo* to the extent it has proposed. Indeed, this bargaining unit has apparently negotiated with an eye to keeping the current insurance language of Article 16 "as is" for quite some time. The City's exhibits show that this bargaining unit began making premium contributions in 1996 and that there has not been a change to the insurance *status quo* for this bargaining unit since at least the 1999 fiscal year.

The City has largely put its eggs in one basket on the insurance issue, relying on comparisons with other City bargaining units. It has negotiated the following health insurance changes with its bargaining units in effect for the 2005-07 contract years⁴:

Joint Communications: Increase (as of July 1, 2005) employee monthly contribution from \$10 to \$20 for single plan participants and from \$20 to \$40 for family plan participants. As of January 1, 2006, increase the out-of-pocket maximums for both family and single plans to \$750.

Library: Effective January 1, 2006, increase family plan deductible from \$100 to \$200 and the out-of-pocket maximums for both the single (\$500 - \$550) and family (\$500 - \$700) plans; as of July 1, 2005, increase the monthly employee premium contributions – from \$5 to \$10 for single plan and from \$10 to \$20 for the family plan.

Fire Fighters: Increase (as of July 1, 2005) monthly employee contribution for single plan (\$10 - \$15) and family plan (\$20 - \$30) and (effective January 1, 2006) increase the deductible (\$100 - \$300) and out-of-pocket maximum (\$500 - \$1,000) for the family plan.

Police: Increase (as of July 1, 2004) employee premium contribution from \$7.50 to \$10 for the single plan and from \$15 to \$20 for the family plan.

Transit: Effective July 1, 2004, increase employee premium contributions for the single plan (\$5 - \$10) and for the family plan (\$10 - \$20) and increase the out-of-pocket maximum from \$500 to \$600 for the single and family plans.

⁴ The Fire Fighters' agreement is a two-year agreement (2005-07) and the Police and Transit Union agreements are for the 2004-05 and 2005-06 contract years.

When boiled down, internal comparisons show that five City bargaining units agreed to changes in the amount of the monthly health insurance premium contribution for single and family plan coverage. Only two (Fire Fighters and Library) agreed to increase the family plan deductible. Four units (Fire Fighters, Joint Communications, Library and Transit) agreed – albeit in different ways – to change the out-of-pocket maximums.

The City has negotiated health insurance changes; however, these changes have been made on an incremental basis. Changes to the amount of the employee premium contribution, for example, have generally been negotiated in \$5 increments. The City's insurance proposal simply goes too far and is at odds with the small, incremental way it has negotiated with other bargaining units. Likewise, the City's "housekeeping" changes to Article 16 were not fully explained at the fact-finding hearing, perhaps raise – as suggested by the Union – more questions than they answer and are not supported by a comparison with the other insurance provisions it introduced (Transit, Joint Communications and Police).

Where then does this leave us? While the City's proposal goes too far, the Union's *status quo* insurance proposal cannot be squared with the changes negotiated by other City bargaining units to the self-funded health insurance plan. The internal settlement pattern supports some change to the health insurance *status quo*. A reasonable change, and one recommended by the Fact-Finder, is current contract on the language of Article 16 – including keeping current deductible and out-of-pocket amounts the same – with the exception of increasing the monthly employee premium contribution from \$5 to \$10 for the single plan and from \$10 to \$15 for the family plan participants.

Without question, this recommendation constitutes a change for the AFSCME bargaining unit; however, it allows this bargaining unit to continue to make the lowest monthly family health insurance plan premium contributions among all of the City's bargaining units, while maintaining the existing deductibles and out-of-pocket maximums.

IV. Recommendations

- A. **Wages:** Current contract as to the pay grade for the Parking Meter Patrol Officer classification (pay grade nine); change the Water Utility Service Representative I classification from pay grade 25 to pay grade 26; and a 2.9% across-the-board wage increase.
- B. **Insurance:** Current contract language of Article 16, with the exception of increasing the monthly employee health insurance premium contributions from \$5 to \$10 (single) and from \$10 to \$15 (family).


Lon Moeller, Fact-Finder

Dated at Iowa City, Iowa this
19th day of April 2005

CERTIFICATE OF SERVICE

I certify that on the 19th day of April, 2005, I served the foregoing Report of Fact-Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Tom Anthony
Union Representative, AFSCME Council 61
1425 8th Avenue S.E.
Dyersville, IA 52040

Randy C. Helt
Employee/Labor Relations Manager
Human Resources, City of Cedar Rapids
51 First Avenue Bridge
Cedar Rapids, IA 52401-1132

I further certify that on the 19th day of April, 2005, I will submit this Report for filing by mail with the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319-0203.


Lon Moeller, Fact-Finder